

TAKING
COOPERATION
FORWARD



Block 3: *Development of Financial Instruments*



Module 3.1. Financial mechanisms - EIB



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- Innovative financial instruments of the European Investment Bank (EIB)
- Central Europe Projects with use of innovative financial instruments (IFIs)



The European Investment Bank (EIB) provides financing and expertise for projects supporting innovation and skills, SMEs, environment and climate action, and infrastructure. The variety of the EIB's financial instruments are grouped in three main categories:

- Lending Financial Products
- Blending Financial Products
- Advising - European Investment Advisory Hub



- **Project loans** - to finance projects with high investment cost, research and innovation programs, direct loans of between EUR 7.5 and EUR 25m to mid-cap companies (< 3000 employees) and multi-component loans (financing projects for energy efficiency and renewables, infrastructure, transport and urban renovation through national or public sector institution).
- **Intermediated loans** - to support SMEs, large and mid-cap businesses, national administrations, public sector bodies and local authorities via intermediary entities. ?
- **Venture capital** - to support innovation and entrepreneurship of high-tech SMEs in their early stages of growth, managed by the European Investment Fund (EIF). In the EIF activities are included advising and managing guarantee/debt funds and equity funds-of-funds through national and regional governments and private strategic investors.
- **Venture debt** - to support small, high-risk and incredibly innovative projects, where the needed investment cost is between EUR 7.5 to EUR 50m.



LENDING FINANCIAL PRODUCTS

- **Microfinance** - to support microfinance institutions and smaller businesses with low income self-employed through promoting sustainable financial services.
- **Equity and fund investment** - to support investments in Infrastructure and Environment (infrastructure equity and debt funds, environmental funds), Carbon Funds, Sustainable Urban Development (loans, guarantees and equity investments through the JESSICA initiative), Energy Efficiency and Renewables (innovative fund-of-funds GEEREF), Venture capital and private equity



Furthermore, EIB and EIF (European Investment Fund) provide variety of financial products that are combined with additional sources of investments, such as:

- **Structured finance** - for projects that include trans-European transport and energy networks, infrastructure, energy and SMEs using mix of instrument with higher risk profile provided by the Structured Finance Facility
- **Guarantees** - financing large or small, private and public projects through variety of guarantee instruments
- **Private Finance for Energy Efficiency (PF4EE)** - financing energy efficiency investments in projects that support implementation of National Energy Efficiency Action Plans or other EE programs of EU member states, provided by the joint agreement between the EIB and European Commission (EC)
- **Project bonds** - the Europe 2020 Project Bond Initiative by EIB and EC, is financing large-scale infrastructure projects in the sectors of energy (TEN-E), transport (TEN-T) and information and communication technology (ICT)



BLENDING FINANCIAL PRODUCTS

- **Trust funds - partnering with donors** provide funds directly or combined with financial instruments from the EIB or other financial institutions to improve people's lives in different regions around the world
- **European Structural and Investment Funds (ESIF) Financial instruments** - provide loans, guarantees, equity to support economically feasible projects that promote the EU policy objectives
- **Flexible SME funding (JEREMIE)** - support the SMEs financing using EU Structural Funds provided through loans, guarantees and equity
- **Urban development technical assistance (JESSICA)** - Joint European Support for Sustainable Investment in City Areas is initiative that supports the use of EU grant funding (Structural Funds) to make repayable investments (loans, guarantees, equity) in projects such as: urban infrastructure, energy, transport, EE improvements, water/wastewater, university/medical and other facilities, office space for SMEs/IT/R&D sectors, heritage of cultural sites etc.
- **Natural Capital Financing Facility (NCFF)** - supports biodiversity and climate adaptation projects through loans and investments guaranteed by EU



BLENDING FINANCIAL PRODUCTS

- ***The Mutual Reliance Initiative (MRI)*** - partnership between the EIB, the French Agency for Development (AFD) and Germany's KfW Development Bank for effective development of projects investments
- ***Transport Infrastructure*** - is funding instrument created by the Connecting EU Facilities (CEF) that support direct investments into European transport, energy and digital infrastructures
- ***Italian Risk Sharing Initiative for RDI*** -financial support in industrial innovation projects by SMEs and mid-caps in Italy, delivered by the EIB, the IT Ministry for Economic Development and the Ministry of Economics and Finance
- ***Risk Capital Facility for the Southern Neighborhood*** - support the private sector development in the Southern Neighborhood countries
- ***Guarantee Fund for Greek SMEs*** - support the SMEs and mid-caps in counteracting the impact of the crisis



- *InnovFin- EU Finance for Innovators*

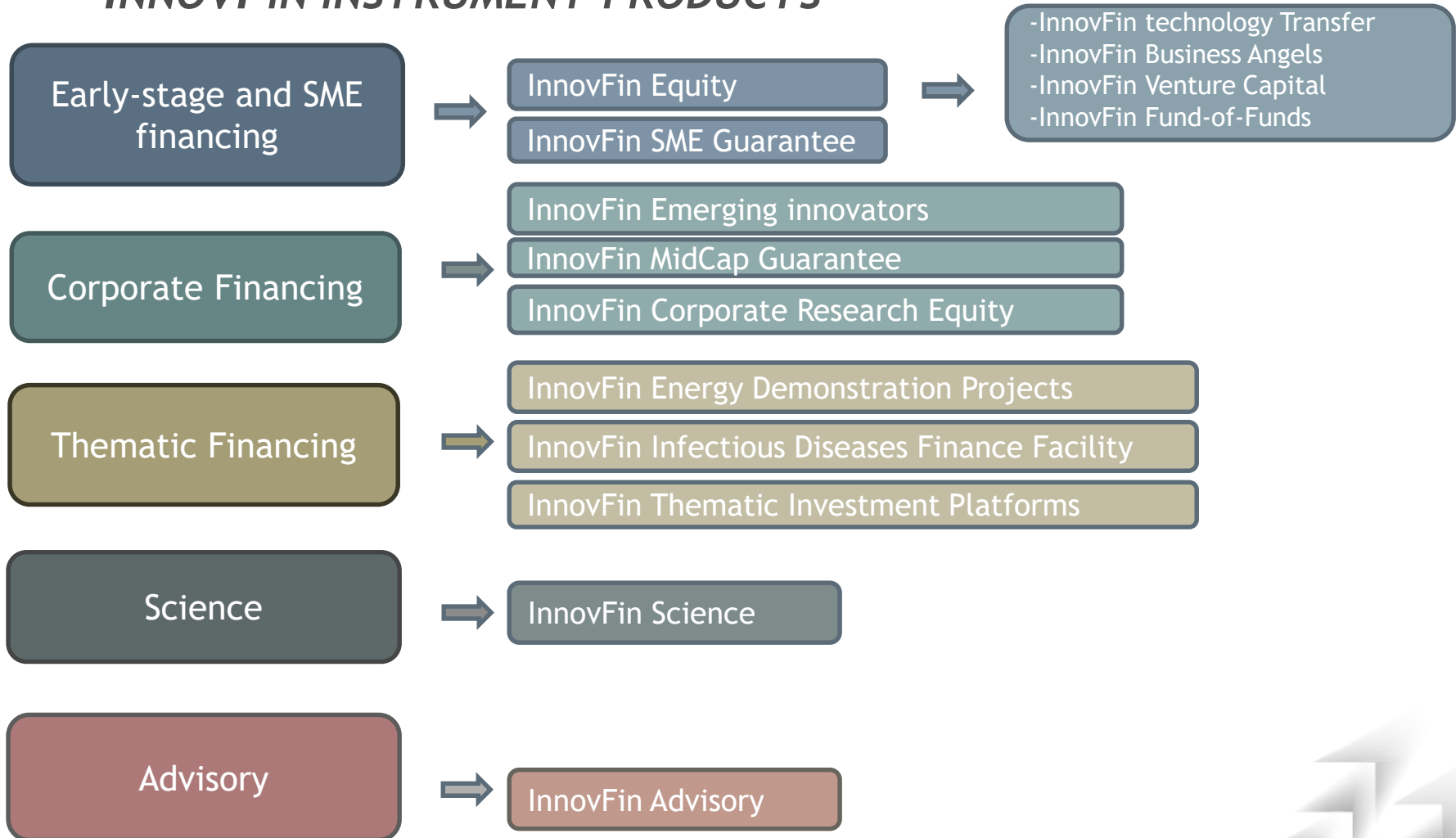
InnovFin - EU Finance for Innovators, the EIB Group (the European Investment Bank and the European Investment Fund) provides financial instruments for innovation projects and research through wide range of loans, guaranties and equity-type funding

InnovFin tools are financial solutions available for:

- small or medium-sized enterprises (SME)
- large private companies
- mid-cap companies
- research organisations or institutes
- universities or public institutions



• *INNOVFIN INSTRUMENT PRODUCTS*



Early stage and SME Financing

InnovFin Equity provides risk capital financing to enterprises in their early-stage or start-up phases in development.

- *InnovFin TT* supports investments in technology projects through technology transfer funds to expedite innovations in ICT, bio-tech, clean-tech, nano-tech, med-tech.
- *InnovFin BA* supports investments into innovative early-stage enterprises and social enterprises at regional, national or cross-border level by business angel managed funds or co-investments funds.
- *InnovFin VC* supports investments in venture capital funds that contribute in funding to enterprises and social enterprises in their early-stage operating in Horizon 2020 innovative sectors.
- *InnovFin FoF* supports investments in funds of funds that focus to build a portfolio of investments into underlying funds with significant geographical spread and early-stage focus.

InnovFin SME Guarantee provides guarantees and counter-guarantees to improve access to loan finance, arranged through financial intermediaries. The guarantees on debt financing between EUR 25 000 and EUR 7.5 million are targeting innovative small and medium-sized enterprises and small mid-caps (<500 employees).



Corporate Financing

- ***InnovFin Emerging Innovators*** available by the EIB or through loans and equity-type financing by financial intermediary, improves the availability of risk finance for research and innovation fast-growing enterprises and other innovation-related entities.
- ***InnovFin MidCap Guarantee*** provides guarantees and counter-guarantees to improve access to finance, arranged through financial intermediaries. The guarantees on debt financing of up to EUR 50m are targeting innovative mid-caps (<3 000 employees) which are not applicable under the ***InnovFin SME Guarantee***.
- ***InnovFin Corporate Research Equity*** provides large equity-type investments in the form of contingent loans by the EIB or through financial intermediaries on financing of up to EUR 75m. The investments are addressed to innovative large mid-caps and large research and innovation programs.

Thematic Financing

- ***InnovFin Demo Projects*** provides loans, loan guarantees and equity-type of financing between EUR 7.5 and EUR 75m by EIB to innovative demonstration to projects in the field of renewable energy technologies, carbon capture and storage/use, energy storage and smart energy systems.
- ***InnovFin Infectious Diseases Finance Facility*** provides loans, loan guarantees and equity-type of financing between EUR 7.5 and EUR 75m by EIB to innovative developing medical and diagnostic devices, drugs, vaccines or innovative medical research.
- ***InnovFin Thematic Investment Platforms*** will provide debt or equity-type of financing, arranged by financial intermediaries and fund managers, to innovative projects in specific thematic sections.



Science

- *InnovFin Science* available by the EIB through debt or equity-type financing from EUR 25m, supports research and innovation investments by universities and public or private research institutions. *InnovFin Science* includes the financing of buildings and other infrastructures directly related to research and innovation activities.

Advisory

- *InnovFin Advisory* support helps clients in successful building their research and innovation projects in order to improve the projects access to finance. *InnovFin Advisory* is focused on financing large projects for which are required long-term investments by offering the following services:
 - business modelling
 - strategic planning
 - capital structure, debt and risk allocation
 - funding sources and their eligibility criteria
 - management of stakeholders
 - more and better usage of public FI



The advisory services are crucial part of the EIB's lending and blending product strategies providing the development and the implementation of the investment programs.

- *InnovFin advisory* - [slide 13]
- *Support to public-private partnership (EPEC)* - under the PPP the public authority provides payments to the private partner for the provision of the service or grants a right to generate revenues from the provision of the service.
- *Sustainable energy: maximizing investment (ELENA)* - provides grants under the Horizon 2020 program, for technical assistance in the implementation of energy efficiency, transport, and renewable energy projects and programs
- *European Structural and Investment Funds (ESIF) FIs* - [slide 7]
- *FELICITY: Sustainable solutions for cities* - provides advisory services to increase investments in sustainable infrastructure projects that reduce greenhouse gas (GHG) emissions in Brazil, China and Mexico.
- *Municipal Project Support Facility (MPSF)* - provides technical assistance to municipalities in Eastern Partner countries (Belarus, Ukraine, Moldova, Georgia, Armenia and Azerbaijan) to support investments in projects in GHG emission reduction and energy efficiency



CENTRAL EUROPE PROJECTS WITH (I)FIs

Country	Number of projects	Sector	Total amount
Italy	1018	Industry/Energy	19 612 291 952,41 €
Germany	378	Industry/Energy	30 451 925 859,63 €
Austria	62	Industry/Energy	2 622 722 299,18 €
Poland	58	Industry/Energy	3 450 179 250,81 €
Czech Republic	31	Industry/Energy	3 108 411 191,54 €
Hungary	29	Industry/Energy	1 303 812 562,24 €
Croatia	4	Industry/Energy	63 390 482,54 €



The EIB and EIF financial instruments are provided through the National Operational Programs or National Development Banks to the SMEs and mid-caps or directly to the large enterprises.

Examples of EIB/EIF financed projects:

- **Cohesion Fund Framework Loan II (Hungary)**

The loan finance the Operational Programs (OP) Transport and Energy & Environment within Hungary's National Strategic Reference Framework to complement EU grants support and national resources.

- **BPER Energy Efficiency FL PF₄EE (Italy)**

The framework loan through the Banca Popolare Dell'Emilia Romagna SC finance energy efficiency and renewable energy investments in the private sector for SMEs.

- **Gorenje RDI Project (Czech Republic)**

The loan approved by the Board of Directors, supports enterprise's research in improved performance, lower use of resources and energy consumption for a range of household appliances.



MULTI-CRITERIA LIST OF CENTRAL EUROPE PROJECTS WITH (I)FIs

Project name	(I)FI	Amount	Sector	Country	Info
Komerční Banka Energy Efficiency FL-PF4EE	Loan	67 500 000 €	Industry, Energy	CZ	http://www.eib.org/projects/pipelines/pipeline/20150174
Energy Efficiency Italy FL	Loan	300 000 000 €	Industry, Energy	IT	http://www.eib.org/projects/pipelines/pipeline/20140017
Regione Basilicata 2014-2020 Co-Financing	Loan	33 768 000 €	Industry, Energy, Transport etc.	IT	http://www.eib.org/projects/pipelines/pipeline/20150348
Regione Puglia 2014-2020 Co-Financing	Loan	45 000 000 €	Industry, Energy, Transport etc.	IT	http://www.eib.org/projects/pipelines/pipeline/20150362
Upper Silesia Urban Framework Program	Loan	411 089 759 €	Industry, Water, sewerage, Transport, etc.	PL	http://www.eib.org/projects/pipelines/pipeline/20150075



MULTI-CRITERIA LIST OF CENTRAL EUROPE PROJECTS WITH (I)FIs

Project name	(I)FI	Amount	Sector	Country	Info
Lublin Municipal Infrastructure II (co-financed with EU grants)	Loan	7 114 708 €	Industry, Transport, Solid waste, etc.	PL	http://www.eib.org/projects/pipelines/pipeline/20120470
European SMEs Export Funding Platform	Loan	12 500 000 €	Industry	DE, AT, IT, LU, FR, ES, NL, SE	http://www.eib.org/infocentre/press/releases/all/2015/2015-239-first-ever-eib-facility-for-buyer-credit-financing-for-european-sme-and-midcap-exporters
Austrian Energy Efficiency FL	Loan	35 000 000 €	Industry, Energy	AT	http://www.eib.org/projects/pipelines/pipeline/20130275
ZABA Energy Efficiency FL-PF4EE	Loan	14 000 000 €	Industry, Energy	HR	http://www.eib.org/projects/pipelines/pipeline/20160454



(I) FIS STORIES

InnovFin Mid Cap Growth Finance

- Solar Energy Innovation in Germany

- <http://www.eib.org/stories/solar-energy-innovation>

InnovFin SME Guarantee

- A loan from Unicredit Bank backed by the EIB and EC helped a Czech start-up company in producing Frusack reusable compostable bags

- <https://www.youtube.com/watch?v=1ldzvZp3fNA>

- A loan from Deutsche Bank backed by the EIB and EC was used in developing mechanical products for security automation by the Deister electronic company in Germany

- <https://www.youtube.com/watch?v=LQ1Aq2SriuE>



(I) FIS STORIES

European Fund for Strategic Investments(EFSI): Boosting jobs and growth

-A loan from Komerční banka (Czech Republic) backed by EIF under the Investment Plan for Europe was used in the product development of Vivobar company in Czech Republic

- http://www.eif.org/what_we_do/guarantees/case-studies/efsi_cosme_vivobar_cz.htm



Thank you for your attention

